

Ryan J. Works, Esq. (NSBN 9224)
Amanda M. Perach, Esq. (NSBN 12399)
McDONALD CARANO LLP
2300 West Sahara Avenue, Suite 1200
Las Vegas, Nevada 89102
Telephone: (702) 873-4100
rworks@mcdonaldcarano.com
aperach@mcdonaldcarano.com

John R. Ashmead, Esq.
Robert J. Gayda, Esq.
Catherine V. LoTempio, Esq.
Laura E. Miller, Esq.
Andrew J. Matott, Esq.
(*pro hac vice applications granted*)
SEWARD & KISSEL LLP
One Battery Park Plaza
New York, NY 10004
ashmead@sewkis.com
gayda@sewkis.com
lotempio@sewkis.com
millerl@sewkis.com
matott@sewkis.com

*Counsel for Official Committee
of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re

CASH CLOUD, INC. dba COIN CLOUD,

Debtor.

Case No.: 23-10423-mkn
Chapter 11

**STIPULATION GRANTING
DERIVATIVE STANDING TO THE
OFFICIAL COMMITTEE OF
UNSECURED CREDITORS WITH
RESPECT TO CERTAIN ACTIONS**

Cash Cloud, Inc. dba Coin Cloud ("Debtor"), debtor and debtor in possession in the above captioned case (the "Chapter 11 Case"), by and through its counsel Fox Rothschild LLP, and the Official Committee of Unsecured Creditors (the "Committee," and together with the Debtor, the "Parties"), by and through its counsel Seward & Kissel LLP and McDonald Carano LLP, hereby enter into this *Stipulation Granting Derivative Standing to the Official Committee of Unsecured Creditors with Respect to Certain Actions* (this "Stipulation"). In support of the Stipulation, the Parties agree as follows:

RECITALS

1
2 1. WHEREAS, on February 7, 2023 (the “Petition Date”), Debtor filed a voluntary
3 petition under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court
4 for the District of Nevada (the “Bankruptcy Court”), commencing the Chapter 11 Case [ECF No.
5 1];

6 2. WHEREAS, on February 17, 2023, the United States Trustee for the District of
7 Nevada appointed the Committee in the Chapter 11 Case [ECF No. 131];

8 3. WHEREAS, prior to the Petition Date, on or around December 20, 2019, the Debtor
9 initiated a lawsuit against Luis Flores in the Eighth Judicial District Court in Clark County, Nevada,
10 which is currently pending as *Cash Cloud Inc. v. Flores*, Case No. A19-807370-B (the “Flores
11 Litigation”);

12 4. WHEREAS, as more fully described by the allegations in the underlying complaint,
13 as may be amended from time to time, which has not been dismissed, the Flores Litigation concerns
14 colorable claims that Mr. Flores is not and has never been a shareholder of the Debtor and owes
15 certain sums to the Debtor, including attorney’s fees and costs;

16 5. WHEREAS, prior to the Petition Date, on or around August 5, 2021, the Debtor
17 initiated a lawsuit against Amondo Redmond in the Eighth Judicial District Court in Clark County,
18 Nevada, which is currently pending as *Cash Cloud Inc. v. Redmond*, Case No. A-21-839023-B (the
19 “Redmond Litigation”);

20 6. WHEREAS, as more fully described by the allegations in the underlying complaint,
21 as may be amended from time to time, which has not been dismissed, the Redmond Litigation
22 concerns colorable claims that arise out of the improper actions Mr. Redmond took in (1) defrauding
23 the Debtor as to his credentials and professional background prior to his hiring, (2) improper
24 expenditures of Debtor funds during his employment, and (3) his post termination interference with
25 the Debtor’s prospective contracts involving professional athlete endorsements;

26 7. WHEREAS, prior to the Petition Date, on or around June 17, 2022, the Debtor
27 initiated a lawsuit against Cole Kepro International, LLC in the Eighth Judicial District Court in
28 Clark County, Nevada, which is currently pending as *Cash Cloud Inc. v. Cole Kepro International*,

1 LLC, Case No. A-22-854226-B (the “Cole Kepro Litigation”);

2 8. WHEREAS, as more fully described by the allegations in the underlying complaint,
3 as may be amended from time to time, which has not been dismissed, the Cole Kepro Litigation
4 concerns colorable claims that arise from Cole Kepro’s alleged production and delivery of faulty
5 digital currency machines (“DCMs”) to the Debtor;

6 9. WHEREAS, prior to the Petition Date, on or around August 11, 2022, the Debtor
7 initiated binding arbitration against BitAccess Inc.(“BitAccess”) before the Canadian Arbitration
8 Association in Ottawa, Ontario Canada (the “BitAccess Arbitration”);

9 10. WHEREAS, as more fully described by the allegations in the underlying arbitration
10 pleading and demand, as may be amended from time to time, which has not been dismissed, the
11 BitAccess Arbitration concerns colorable claims that arise out of (1) BitAccess’s improper and
12 unlawful attempt to terminate a contract between the Debtor and BitAccess by which the Debtor has
13 secured the software that ran a substantial portion of its DCMs and (2) BitAccess’s 2021 software
14 update which caused all of the Debtor’s DCMs running the BitAccess software to shut down;

15 11. WHEREAS, on March 10, 2023, the Debtor filed in the Bankruptcy Court Adversary
16 Case No. 23-01015 against Lux Vending, LLC d/b/a Bitcoin Depot;

17 12. WHEREAS, as more fully described by the allegations in the underlying adversary
18 complaint, as may be amended from time to time, which has not been dismissed, the litigation against
19 Bitcoin Depot concerns colorable claims that arise out of Bitcoin Depot’s control of BitAccess,
20 interference with certain agreements between BitAccess and the Debtor, the improper deactivation
21 of certain licensed software, false and misleading statements to the Debtor’s customers, and
22 trademark infringement (the “Bitcoin Depot Litigation,” and together with the Flores Litigation, the
23 Redmond Litigation, the Cole Kepro Litigation, and the BitAccess Arbitration, the “Actions”);

24 13. WHEREAS, the Committee has requested that the Debtor consent to entering into a
25 stipulation granting the Committee derivative standing to initiate, commence, negotiate, litigate,
26 arbitrate, mediate, settle, compromise, resolve, and to carry out any and all other or further initiatives
27 attendant thereto, the Actions on behalf of the Debtor’s estate;

28 14. WHEREAS, the Debtor is prepared to stipulate to such grant of derivative standing

1 to the Committee;

2 15. WHEREAS, consistent with the Parties' joint view that the Actions should ultimately
3 be controlled by a creditors' trust upon confirmation of the *Debtor's First Amended Chapter 11 Plan*
4 *of Reorganization dated August 1, 2023* [ECF No. 996] (the "Plan"), the Debtor and the Committee
5 believe that granting such derivative standing will ensure litigation coherence and efficiency; and

6 16. WHEREAS, the Parties agree that such grant of derivative standing is beneficial to
7 the Chapter 11 Case.

8 **STIPULATION**

9 NOW, THEREFORE, based upon the foregoing and in consideration of the mutual promises
10 and agreements set forth below and for other good, valuable, and adequate consideration hereby
11 deemed received, the Parties hereby stipulate and agree as follows:

12 1. The foregoing recitals and provisions are true and correct and are incorporated herein
13 by this reference.

14 2. The Committee is authorized and has derivative standing to initiate, commence,
15 negotiate, litigate, arbitrate, mediate, settle, compromise, resolve, and to carry out any and all other
16 or further initiatives attendant thereto, the Actions on behalf of the Debtor's estate.

17 3. For the avoidance of doubt, nothing in this Stipulation shall affect the ability of the
18 Committee to obtain derivative standing with respect to any claims or causes of action for which
19 derivative standing is not expressly granted by the Debtor herein and the Committee reserves any
20 and all rights to seek derivative standing on any other claims or causes of action that may now or
21 hereinafter exist.

22 4. This Stipulation may be executed in counterparts, each of which shall be deemed to
23 be an original as against any party whose signature appears thereupon and all of which shall
24 constitute one and the same instrument.

25 5. The undersigned represent that they are fully authorized to enter into this Stipulation
26 on their own behalf and on behalf of their respective client(s).

27 6. The Court shall retain exclusive jurisdiction with respect to all matters arising from
28 or related to the interpretation or implementation of this Stipulation.

IN WITNESS WHEREOF, the Parties have executed this Stipulation on the dates listed below.

Dated August 9, 2023

Dated August 9, 2023

SEWARD & KISSEL LLP

FOX ROTHSCHILD LLP

/s/ Robert J. Gayda

/s/ Brett Axelrod

Robert J. Gayda, Esq.
Catherine V. LoTempio, Esq.
Laura E. Miller, Esq.
Andrew J. Matott, Esq.
(*pro hac vice applications granted*)
One Battery Park Plaza
New York, NY 10004
gayda@sewkis.com
lotempio@sewkis.com
millerl@sewkis.com
matott@sewkis.com

Brett A. Axelrod, Esq. (NSBN 5859)
Jeanette E. McPherson, Esq. (NSBN 5423)
1980 Festival Plaza Drive, Suite 700
Las Vegas, Nevada 89135
baxelrod@foxrothschild.com
jmcperson@foxrothschild.com
nkoffroth@foxrothschild.com
zwilliams@foxrothschild.com

Counsel to the Debtor and Debtor in Possession

Ryan J. Works, Esq. (NSBN 9224)
Amanda M. Perach, Esq. (NSBN 12399)
McDONALD CARANO LLP
2300 West Sahara Avenue, Suite 1200
Las Vegas, Nevada 89102
rworks@mcdonaldcarano.com
aperach@mcdonaldcarano.com

Counsel for Official Committee of Unsecured Creditors

McDONALD CARANO

2300 WEST SAHARA AVENUE, SUITE 1200 • LAS VEGAS, NEVADA 89102
PHONE 702.873.4100 • FAX 702.873.9966